

ER-7-1592

1 July 1955

The Honorable Herbert Hoover, Jr.
Under Secretary of State
Department of State
Washington 25, D. C.

Dear Mr. Hoover:

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We recognize that the aid issue is a complicated one. Iran's ability to absorb and effectively utilize large quantities of aid is still uncertain, and it may be impossible to firm up a realistic long-range aid program at any early date. Nevertheless, the Shah is a sensitive and mercurial individual who occupies a critical role in maintenance of Iran's stability. It is not within my competence to pass judgments on the diplomatic and military considerations involved in the aid issue. However, it is our intelligence appraisal, based [REDACTED]

[REDACTED] on an analysis of the over-all situation in Iran, that failure to provide the Shah with a reasonably precise statement of the role we hope Iran will play in regional defense preparations and of our own intentions, may have the following adverse consequences:

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- (a) The Shah may conclude that the U. S. has no serious intention of developing Iran's capabilities for defense against possible Soviet attack. This would be a serious blow to the Shah's morale, adversely affecting not only his interest in participation in regional defense activities but also his determination to strengthen his country internally.

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(b) Iranian political and popular opinion would tend to interpret the Shah's failure to obtain satisfaction from the U. S. on the military aid issue as an indication that U. S. interest in the future of Iran and U. S. support for the Shah himself were diminishing. This would encourage the revival of anti-regime extremist elements and might facilitate the eventual reemergence of another Mossadeq-type government backed by fanatical nationalist elements and the Communists.

This matter was discussed briefly in the OCB meeting somewhat along the above lines and as Deputy Secretary of Defense Anderson was not present at that meeting, I am sending him a copy of this letter.

Sincerely,

Allen W. Dulles
Director

cc: Hon. Robert Anderson

NE/e/[]am (25 June 1955)

Rewritten: ONE/SK:AWD:hea

- 1 - DCI
- 1 - Reading
- 1 - C/NEA
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